



Board of Commissioners of the County of Allen

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Via e-mail

Members of the Allen County Council
Edwin J. Rousseau Centre
1 East Main Street, Rm 102
Fort Wayne, IN 46802

Members of County Council,

You are no doubt inundated with emails and calls from a handful of very passionate, very vocal residents of Allen County. For the past 18 months, we have heard the same constituent concerns you all are now hearing. We have tried our best to educate and inform them about the need for this project, how the criminal justice system works, and all the available alternatives to jail programs that already exist. It's been an exhausting 18 months. We are sure that you are exhausted as well.

Wednesday's editorial in the Journal Gazette put the matter succinctly, *"The council has limited choices: either vote for a tax increase or reject it again, tossing this critical issue back to the commissioners, who will have to tell an increasingly flustered federal judge that we still can't get our act together. A vote for the jail is the lesser of two bad options, as it is clear there's no turning back."* Nobody wants to be in this position, but we are here. With the current LIT adoption window closing in under two weeks and the threats laid out by Ken Falk of the ACLU if the Council doesn't adopt a Correctional LIT rate, some action must take place.

Since the most recent federal hearing, many of you have reached out to us with questions and requests for feedback on funding options. In our letter to Council dated September 5, 2023, we requested the adoption of the full .20% Correctional LIT rate. In a recent email from our Chief of Staff accompanying updated financial information from BakerTilly, favorable news on income tax revenue and interest rates led to a suggestion that a .18% rate would provide the funds needed for the project plus a buffer for unknowns. Having spoken with several of you, it appears that we are all after the best LIT rate. Not so high that you are overtaxing residents and not so low that you risk having to come back next year and raise the rate again.

The challenge with finding the most appropriate LIT rate is the impact of the variables in the funding formula:

- *We do not know what interest rates on municipal bonds will be when the largest portion of the project bids in Q1 2024.*
- *We do not know the perfect amount of cash from the General Fund to contribute to the project.* We've heard suggestions of using \$30-\$35M. We do not believe utilizing this much of the General Fund for this project is prudent as there exist many outstanding needs. The General Fund will be called upon to pay for the long-needed Community Corrections Day Reporting Center, a consolidation and expansion for the Department of Health, and a relocation of space from the North Campus when the land is ready for sale early next year (several storage buildings and Environmental Management's household hazardous waste facility). If too much General Fund cash is contributed to the project up front and bids come in over the estimates, the built-in contingencies are exceeded due to unsuitable soils or other site conditions, even more cash will need to be infused, putting those projects at risk of being funded. There is also a concern from bond counsel about how the ratings agencies will look at our financial health when setting the interest rate on the bonds if we do not have sufficient cash reserves uncommitted to the project.
- *We do not know the appropriate amount of Economic Development LIT (aka CEDIT) to contribute to the project.* Our distribution of CEDIT is based on the population of unincorporated Allen County. Those areas not in a city or town represent a little over 20% of the overall population and so we receive a little over 20% of the county-wide CEDIT revenue. Consequently, greater use of these dollars for purposes of funding a jail mean that those in the unincorporated portions of the county are underwriting the cost while 80% of the people in the jail are actually arrested in the City of Fort Wayne. Over the years we have attempted to use LIT funds for economic development and quality of life purposes, particularly in unincorporated areas of the county. While we are willing to contribute an amount of CEDIT toward the financing of the jail, recognize that CEDIT is already paying for the architect, engineers, owners' representatives, and the pre-construction portions of the CMC contract. By the end of the project, this could approach \$10M. Utilizing too much CEDIT for the project and not being able to do more for the ever-growing population in unincorporated areas creates an additional burden for those living in those areas. In the last five years, we have put over \$2M in trails, over \$8M toward converting gravel roads to chip and seal, over \$750K in park improvements in Harlan and Hoagland, and after years of delay dealing with right of way acquisition, we will be bidding the estimated \$5.2M second phase of improvements to Diebold Road and eliminate an unsafe, heavily driven intersection. There are many more projects like these that require those dollars.

Given the variables in the funding formula we have outlined above, we must take a conservative approach in establishing the appropriate Correctional LIT rate. Based on the August 25, 2023, Design Development Budget estimates from Weigand, and after removing items from the budget that have already been committed from other sources, the net project to fund is just under \$316M.

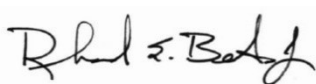
To fund the project scope that has been submitted to the Federal court and that has been designed to meet the operational needs of the Allen County Sheriff's Department, we respectfully submit the following proposal, subject to approval by bond counsel at Barnes & Thornburg and by our financial consultant on the project at BakerTilly:

1. Put \$15M of ARPA Revenue Replacement toward the project cost
2. Put \$10M of General Fund Cash toward the project cost
3. Adopt a Correctional LIT rate of .15% to generate Net Proceeds of between \$270-288M
4. Pledge \$1M annually from CEDIT toward annual bond payments
5. After construction is complete, evaluate Correctional LIT rate, and lower if prudent

Given that bids won't be received, or bonds issued, until March/April 2024, we believe the proposal above gives enough buffer to accommodate the unknown bidding environment and interest rates and leaves enough money in the General Fund to handle known upcoming projects.

Sincerely,

The Board of Commissioners of the County of Allen



Richard E. Beck
Commissioner



Therese Brown
Commissioner



F. Nelson Peters
Commissioner

ADDITIONAL CONSIDERATIONS

Things the general fund cash balance will be needed for:	Things that the CEDIT cash balance will be needed for in addition to its current uses:	What happens if adopted LIT rate is too low
<ul style="list-style-type: none"> - Tearing down the old jail - Remodeling Meyer Rd. (ACDEM, BoH, Community Corrections, North Campus storage, etc.) - Additional unexpected jail expenses - Future replacement or repurpose of Bud Meeks 	<ul style="list-style-type: none"> - Broadband - Septic relief - Parks - Trails - Fire/EMS district assistance 	<ul style="list-style-type: none"> - Will have to increase rate in 2024 to let bid so will be unable to adopt EMS LIT in 2024 - Or would have to use additional general fund cash balance to make up difference - Which is why we advocate not using too much general fund cash and adopting a rate that sufficiently funds the project